



Request for City Council Committee Action From the Department of Public Works

Date: November 17, 2003
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Barb Johnson, Chair Ways & Means Committee

Subject: **Downtown Circulator Implementation**

Recommendation:

Adopt a Resolution:

- Supporting the Downtown Circulator Task Force recommendations on Circulator route, frequency of service, and vehicle description;
- Supporting the Downtown Circulator Task Force recommendations on Circulator hours of service with the exception of cutting early morning service to meet budget limitations;
- Approving a Five Year Funding Plan
- Authorizing Proper City Officers to execute an Agreement with Met Council for the management and funding of the Downtown Circulator
- Supporting implementation of the Downtown Circulator on April 3, 2004 in coordination with beginning of LRT revenue service into Downtown.

Previous Directives: Direction from Transportation and Public Works Committee to return this cycle with recommendations on implementation of the Downtown Circulator.

Prepared by: Robert Morgan, P.E., 673-3610

Approved by:

Klara A. Fabry, P.E., City Engineer,
Director of Public Works

Patrick Born, Chief Finance Officer

Presenter: Robert Morgan, P.E.

Financial Impact (Check those that apply)

☒ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

☒ Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

Your Committee has directed the City Engineer to return to this Committee meeting with recommendations for implementation of the Downtown Circulator. We believe that recommendations for Downtown Circulator implementation need to address three areas:

- Circulator operations funding;
- Management of Circulator service once implemented; and
- Continuing Circulator service viability.

Circulator Operations Funding

Staff presented an informational spreadsheet on Circulator operating costs at your last meeting, Attachment A. That sheet, dated 10/20/03, included costs for maintenance of additional Circulator shelters, added cost of ultra low sulfur fuel, and a contingency for operating costs for a total annual operating cost of \$2,727,660. Metro Transit has agreed to absorb the non-operating costs which total \$336,815. Accordingly, this letter will only deal with the actual operating cost of the Circulator, estimated on Attachment A at \$2,390,845.

We propose a Five Year Plan for funding Circulator operations, Attachment B. This Plan presumes that the operating cost of the Circulator and the advertising revenue increases at an annual rate of 3.5%. It is on a calendar year basis to coincide with the City's budget year.

The amount from the sale or lease of the Nicollet Hotel Block available for Circulator operations consists of an estimate of the amount the City would receive from a developer for that property less an estimate of the amount of those funds that would be needed to complete the below grade bus terminal proposed as part of a mixed used development on that site. The estimate of the total proceeds from the sale or lease of the Nicollet Hotel Block has been revised downwards based on more recent information. These proceeds are now fully paid in the period of the Five Year Plan.

The Five Year Plan must be fully funded. Therefore, several actions have taken place to decrease costs and to increase revenue.

- **Metro Transit has reduced their estimate of the cost to operate the Circulator for the first 12 months from \$2,390,845 to \$2,300,000.**
- **We have proposed that GMCVA extend their annual contribution to the 4th and 5th years of the Plan and increase their annual contribution to \$102,000 beginning in 2006.**

We have received a commitment via e-mail from Greg Ortale to recommend this extension and increase to his Board. The GMCVA Board meets on November 19, 2003.

- **We propose to reduce the hours of operation from what was proposed by the Downtown Circulator Task Force by cutting some early morning service.**

We believe it is important that once Circulator service begins in the morning, it continue with a Circulator bus meeting each inbound LRT until 9 PM and serving the Nicollet Mall LRT Station prior to each outbound LRT leaving between 9 PM and 1 AM. A person using the Circulator to get to their destination should have the Circulator available for the return trip. We therefore propose that Circulator service begin at 6:30 AM weekdays and at 9 AM Saturday, Sunday, and on Holidays. This reduces the estimated cost of operating the Circulator by approximately \$156,000 in the first 12 months from what was recommended by the Task Force. The cost for service in Year 2004 (9 months) is reduced to \$1,594,000.

The Five Year Plan projects a small cumulative balance at the end of 2008. Downtown Circulator operating costs are fully subscribed for the five year period ending December 2008. Accordingly, we recommend that the Downtown Circulator begin operation on April 3, 2004 in coordination with the beginning of LRT service in Downtown Minneapolis. This service should

begin on the routes and at the frequencies and hours of service recommended by the Downtown Circulator Task Force with the exception of later starting times discussed above.

Management of Circulator Service

We recommend execution of an Agreement between the City and Met Council setting the policy framework for Circulator operations. This Agreement would provide for preparation of a Transit Service Plan for the Downtown Circulator and for the management of that Plan.

Downtown Circulator service must be managed to efficiently deliver the services proposed, to respond to changing conditions, and to address unanticipated issues. To this end the Agreement proposes the creation of a Management Committee. The Management Committee would be composed of the Metro Transit General Manager and an appointee from his staff, the City Engineer and an appointee from her staff, and a Downtown resident and a Downtown business person, both appointed by the City Council. The General Manager would be the Committee Chair and the City Engineer the Vice Chair. If approved by your Committee and the Council, we will return next cycle with a request for City Council appointment of a Downtown resident and a Downtown business person to the Management Committee.

The Agreement provides that Met Council will create a Circulator operations account. It will deposit \$1.5 million into this account plus its share of the revenue from Circulator advertising. We propose that funds from GMCVA and the Target TDM go directly to Met Council to be deposited to this account. The City will create a Circulator operations account into which will be deposited the net proceeds from the sale or lease of the Nicollet Hotel Block. The City will pay out these funds to Metro Council as needed over the period of the Five Year Plan.

Circulator service cannot be managed effectively without a framework describing how it fits into the larger, integrated Downtown transit and transportation system. We are planning to initiate the Mobility 2030 Study next year. This effort will propose the long term plan for transit Downtown, evaluate different alternatives including the Circulator to see how transit services can most effectively be utilized and support the larger transportation and Downtown activity needs.

Continuing Circulator Service Viability

For the Circulator to be viable on an ongoing basis, it must continue to serve a need and it must have long term, stable funding.

The results of the Mobility 2030 Study will define the needs best addressed by the Circulator or other transit alternatives. The work of the Management Committee will be to see that those needs are met in an efficient manner and in a manner which supports the larger City goals.

When the Mobility 2030 Study begins to reach decisions on the long term role of the Circulator, it will necessary to initiate an effort to develop an ongoing, stable Circulator funding package and find a replacement for the Nicollet Hotel Block proceeds which will be fully expended in the first five years. There is a range of possible contributors to this funding package. Discussion of them is best left to that effort.

This letter has covered Circulator operations. There is a need for staff to return to your Committee to discuss capital costs of the Circulator and the North Terminal. We have discussed this with Finance and plan to bring this matter back to your Committee by the end of this year.

Attachment A – Circulator Operations Summary as of 10/20/03
Attachment B – Downtown Circulator Five Year Funding Plan

cc: Ed Backstrom, Assistant City Attorney
Mike Setzer, Metro Transit General Manager
Greg Ortale, GMCVA

TPW dtc implementation.doc

RESOLUTION 2003R-

Supporting implementation of the Downtown Circulator and authorizing Proper City Officers to execute an Agreement with Met Council providing for the management and funding of the Downtown Circulator.

Whereas, the City accepted a Grant from the Urban Mass Transit Administration in December 1992 in the amount of \$8,000,000 for implementation of a Nicollet Mall Shuttle and a North Transit Terminal; and

Whereas, the Nicollet Mall Shuttle has developed into the Downtown Circulator with service closely coordinated with LRT service; and

Whereas, it is the desire of the City that the Downtown Circulator and LRT begin service together on April 3, 2004; and

Whereas, the Downtown Circulator Task Force has prepared a Report and presented it to the Council, said Report recommending Circulator routes two way on the Nicollet Mall with evening service shifting to the Mall and Hennepin Ave, that the Circulator match the frequencies and hours of service of LRT; and

Whereas, the City Engineer has prepared and recommended a fully funded Five Year Plan for funding Circulator operations; said Plan requiring elimination of some early morning service to balance costs and revenues and has recommended execution of an Agreement with Met Council providing for the management and funding of the Downtown Circulator, said Plan requiring payment of the net proceeds from the sale or lease of the Nicollet Hotel Block by the City to Met Council toward the cost of Circulator operations for the period of the Five Year Plan; and

Whereas, the City has entered into a Contract with Met Council to purchase buses for the Circulator utilizing the City's Grant funds matched by Met Council funds and said buses have been ordered and are in production with two already delivered and the rest scheduled for delivery by March 2004; and

Whereas, the City Engineer has recommended implementation of the Downtown Circulator on April 3, 2004 in coordination with the beginning of LRT revenue service into Downtown Minneapolis:

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS

That it supports the Recommendations of the Downtown Circulator Task Force with respect to Circulator routes, frequency and hours of service subject to limitations of available funding.

That it approves the Five Year Funding Plan prepared by the City Engineer.

That it authorizes proper City Officers to execute an Agreement with Met Council providing for the management and funding of the Downtown Circulator.

That it supports the implementation of the Downtown Circulator on April 3, 2004 in coordination with the beginning of LRT revenue service into Downtown Minneapolis and authorizes the City Engineer to continue to work with Met Council and others as appropriate to assure this implementation.